

## **Vienna Insurance Group – Focused on Growth in CEE and Austria**

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9M 2006 results

## Increase of stake in CIGNA

Initial Position

- § VIG has hold a 63% majority stake in CIGNA STU S.A. since March 2006
- § Consolidation as of Q2 06

Deal

- § Nov 2006: Agreement to purchase an additional 30% stake

Result

- § VIG will hold a 93% stake in CIGNA STU S.A.
- § CIGNA contributes nearly € 60mn to Group premium volume by 9M 06
- § Double-digit premium growth outperforms market

## Acquisition of TU PZM

- § Acquisition of 75% +1 share of TU PZM insurance company
- § 25% stake further held by PZM (Polish Motor Association)

### TU PZM

- § Premium volume of ca. € 1.4mn in 2005
- § Cooperation with Polish motor association PZM opens up a new distribution channel
- § PZM has 700 branches throughout the country

# Use of SPO Funds

Nearly 60% of SPO funds already used

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## SPO 2005

In Dec. 2005 VIG raised €900mn (net) for the following purposes:

- § ~ 50% for CEE acquisitions
- § ~ 30% to support the strong organic growth of the CEE subsidiaries
- § cushion (Solvency II)

## Reported by 6M 06

- § €381mn for acquisitions
  - § €84mn for the organic growth
- } €465mn

## Latest Transactions

- § Poland:
    - Buyout of CIGNA minorities
    - Acquisition of TU PZM
  - § CEE capital increases for organic growth
- } €50mn

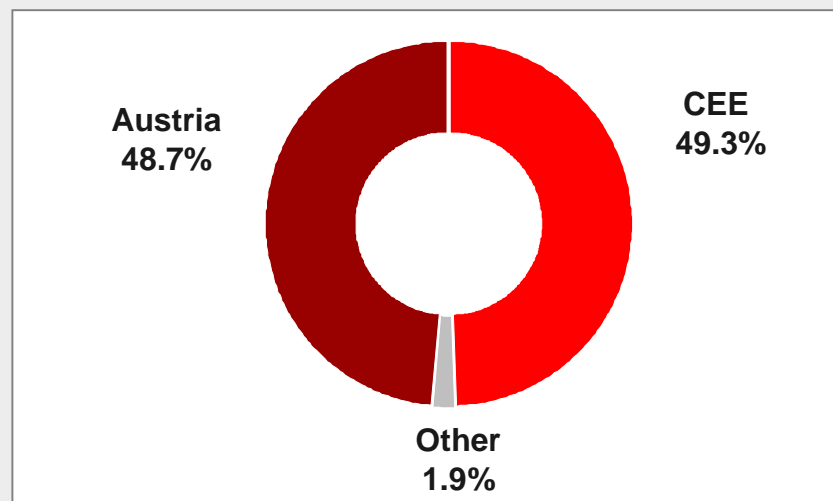


Total funds used: **€515mn**

## Major Developments

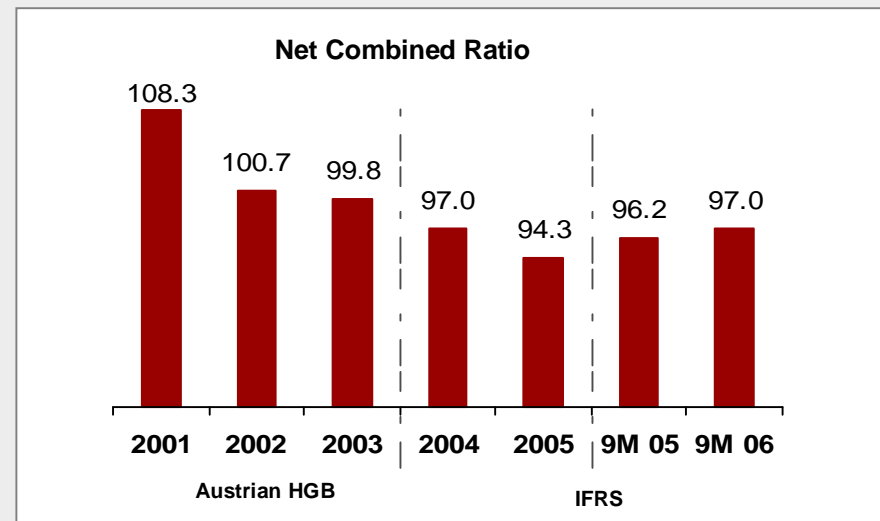
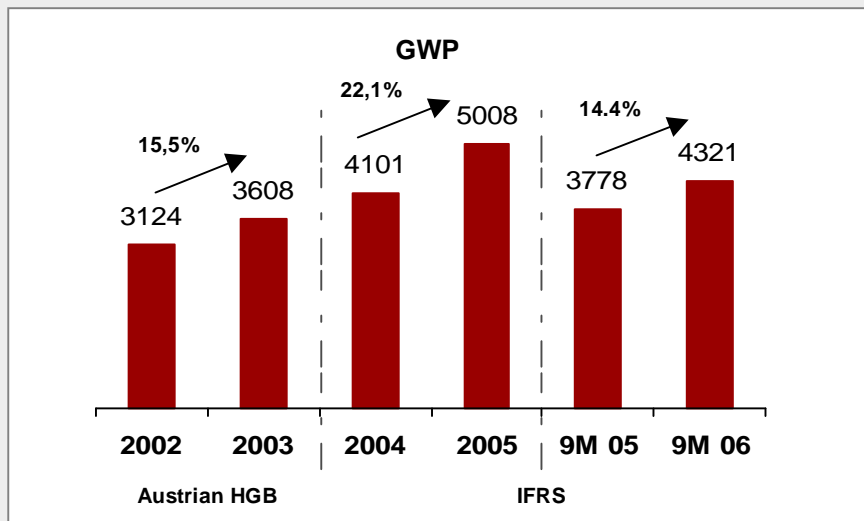
- § Double-digit growth in premium income – CEE is growth driver
- § Share of CEE subsidiaries in total Group premiums has reached a new high with 37.3% of total premiums and 49.3% in P&C (after 35.0% and 46.9% in 1<sup>st</sup> HY)
- § 9M 06 profit before tax already achieved YE 05 level
- § 2006 Group financial target raised from €290mn to about €310mn
- § 2007 target raised from €350mn to about €370mn
- § New medium-term financial target for 2009 of about €470mn, i.e. quasi doubling of YE 05 profit before tax of €240mn

## P&C Premium Split



# 9M 2006 Highlights (II)

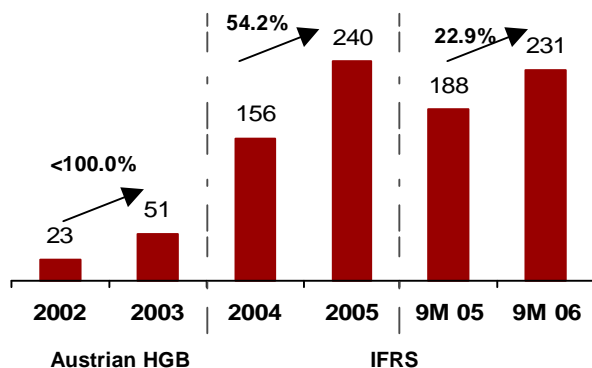
## Improving Combined Ratio



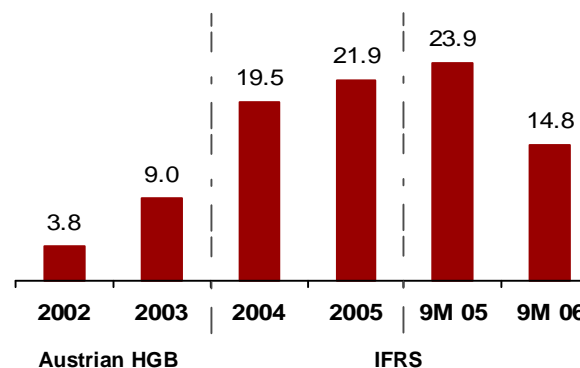
# 9M 2006 Highlights (III)

EPS already exceeding 2005 level despite SPO

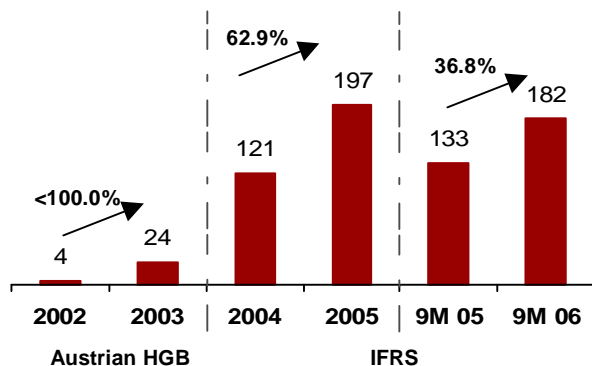
**Profit before Tax**



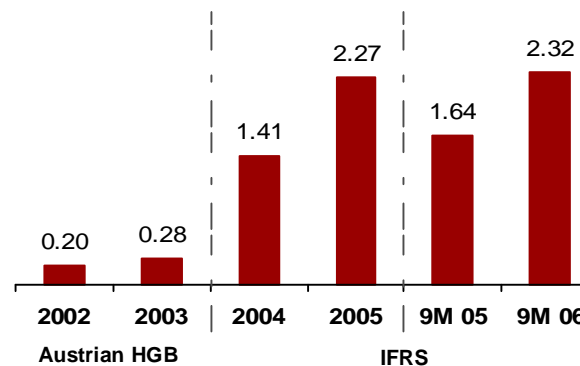
**RoE before Tax**



**Net Profit after Tax and Minorities**



**EPS (9M figures annualised)**



# **Vienna Insurance Group- 9M 2006 results**

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P&L and Balance Sheet

# 9M 2006 Income Statement

IFRS (€mn)

	9M 2006	9M 2005	+/-%
1. Gross written premiums	4,320.6	3,778.1	14.4
2. Net earned premiums	3,586.8	3,094.0	15.9
3. Net investment income	538.6	451.0	19.4
4. Other income	38.7	25.2	53.7
<b>Total income</b>	<b>4,164.2</b>	<b>3,570.3</b>	<b>16.6</b>
6. Expenses for claims incurred	-2,999.9	-2,625.7	14.3
7. Operating expenses	-822.0	-661.9	24.2
8. Other expenses	-111.5	-95.0	17.4
<b>Total expenses</b>	<b>-3,933.5</b>	<b>-3,382.7</b>	<b>16.3</b>
<b>Profit before tax</b>	<b>230.7</b>	<b>187.7</b>	<b>22.9</b>
Taxes	-41.3	-46.4	-10.9
<b>Net profit before minorities (Profit for the year)</b>	<b>189.4</b>	<b>141.3</b>	<b>34.1</b>
Minorities	-7.0	-7.9	-11.6
<b>Net profit after minorites</b>	<b>182.4</b>	<b>133.4</b>	<b>36.8</b>



# 9M 2006 Balance Sheet

IFRS (€mn)

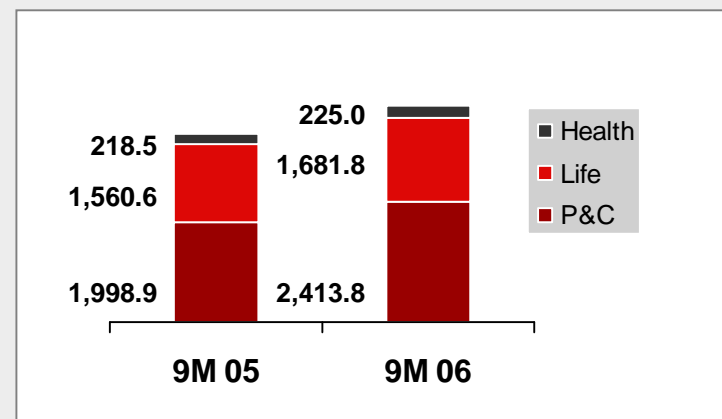
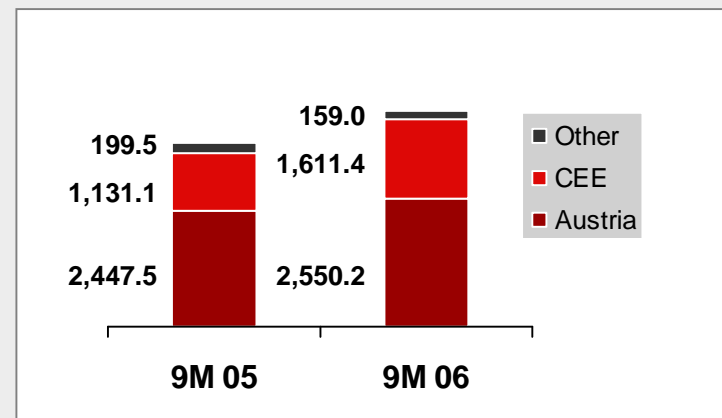
	30-Sep-06	31-Dec-05	+/- %
Intangible assets	440	317	38.9
Total investments	16,737	15,163	10.4
Unit- and index-linked investments	2,095	1,762	18.9
Reinsurers' share in technical provisions	972	840	15.8
Receivables	1,002	857	16.9
Deferred tax assets	21	12	75.4
Other assets	192	201	-4.5
Cash and cash equivalents	172	290	-40.8
<b>Total assets</b>	<b>21,631</b>	<b>19,441</b>	<b>11.3</b>
Shareholders' equity	2,133	2,059	3.6
<i>thereof minorities</i>	72	58	23.9
Subordinated liabilities	413	413	0.0
Technical provisions	14,265	13,086	9.0
Unit- and index-linked technical provisions	2,023	1,730	16.9
Non-technical provisions	794	871	-8.9
Liabilities	1,831	1,075	70.4
Deferred tax liabilities	99	124	-20.4
Other liabilities	74	83	-10.9
<b>Total liabilities and equity</b>	<b>21,631</b>	<b>19,441</b>	<b>11.3</b>

# 9M 2006 P&L Major Items – Gross Written Premiums

Substantial growth in CEE

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- § Group GWP increased by 14.4% to €4,321mn
- § Austria: total GWP up 4.2% to reach €2,550mn. Life up 2.4% at €1,149mn affected by volatility in single premiums while current premiums show sound growth; Non-life up 6.2% at €1,177mn with motor rates flat on high level
- § In the Czech Republic GWP increased by 18.5% to €775.3mn with Life gaining 16.8% to reach €177.4mn and Non-life up 19.0% with an amount of €598.0mn
- § In Slovakia business grew by 13.6% to reach €287.1mn, with Life up 25.4% at €98.2mn and P&C up 8.3% at €188.9mn.
- § Sharp increase in Other CEE markets of 145.2% amounting to €549.0mn, with strong contribution both from organic growth and new acquisitions
- § Other Markets saw decrease of 20.3% as a consequence of reduction of single premiums in Liechtenstein



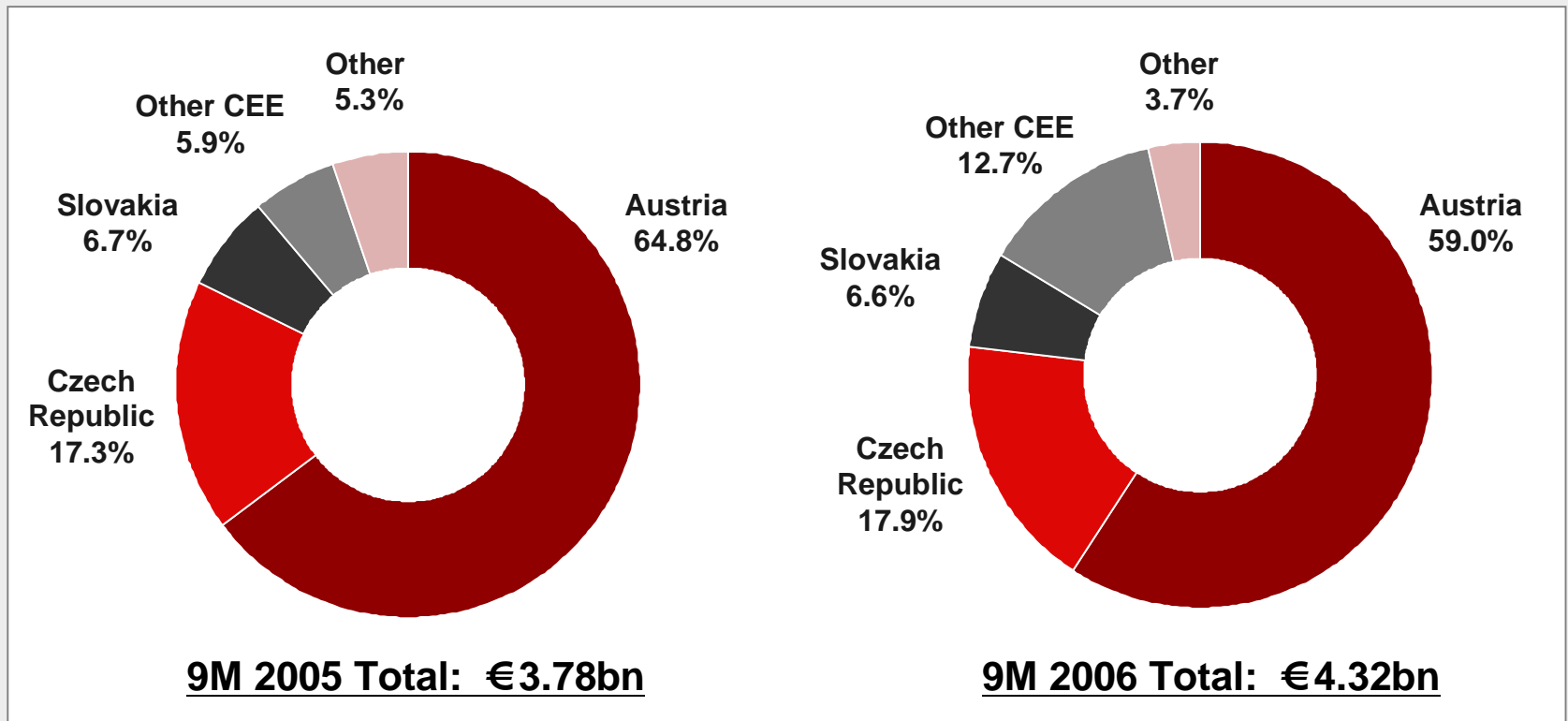
Note: in the 9M 05 Group figures the following companies were not yet included:

Royal Polska and Benefia (Poland) and Cosmopolitan (Croatia). Also Cigna (Poland) and the TBIH insurance companies were included as of Q2 06 only. CPP (Czech Republic) and Omnisig Group (Romania) were included in Q3 05 for the first time.

# VIG's GWP Split by Region

Other CEE gaining weight

## GWP by Geography



# 9M 2006 P&L Major Items – Expenses for Claims Incurred

Loss ratio normalising in Q3 after extraordinary 1st HY damage

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- § After seasonal effects in HY Group 9M loss ratio reducing to 67.0%.
- § Austrian loss ratio slightly improving compared to 1<sup>st</sup> HY06 (snow pressure) and y/y as a consequence of declining claims frequency in motor business
- § Czech Republic saw improving loss ratio due to normalised claims levels in Q3 after snow pressure and floodings in 1<sup>st</sup> HY 06
- § In Slovakia further stable loss ratio at low level
- § Other CEE recorded substantial decrease of loss ratios based on improving claims management
- § Life segment in line with premium development; Health influenced by systematic cost control of medical institutions

EUR mn	P&C		Life		Health	
	9M 06	9M 05	9M 06	9M 05	9M 06	9M 05
<b>Net Earned Premiums:</b>	1,690.5	1,330.0	1,673.5	1,548.1	222.8	215.9
<b>Expenses for Claims Incurred:</b>	1,132.9	869.5	1,677.2	1,566.9	189.8	189.4
<b>Ratio</b>	<b>67.0</b>	<b>65.4</b>	<b>100.2</b>	<b>101.2</b>	<b>85.2</b>	<b>87.7</b>

# 9M 2006 P&L Major Items – Operating Expenses

Costs impacted by new acquisitions (€mn)

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- § Marked decline of Group cost ratio by 1% pt. to 30.0% despite inclusion of new CEE companies
- § Austria with improving cost development reflecting ongoing minor cost initiatives
- § Sharp reduction by 6% pts of cost ratio in the Czech Republic as a consequence of recent cost cutting measures (streamlining of distribution and administration)
- § Stable expense ratio in Slovakia
- § 10% pts decrease of expense ratio in Other CEE mainly due to economies of scale, supported by restructuring of new acquisitions

EUR mn	P&C		Life		Health	
	9M 06	9M 05	9M 06	9M 05	9M 06	9M 05
<b>Net Earned Premiums:</b>	1,690.5	1,330.0	1,673.5	1,548.1	222.8	215.9
<b>Operating Expenses:<sup>1</sup></b>	507.3	409.9	361.3	296.6	28.8	27.9
<b>Ratio</b>	<b>30.0</b>	<b>30.8</b>	<b>21.6</b>	<b>19.2</b>	<b>12.9</b>	<b>12.9</b>

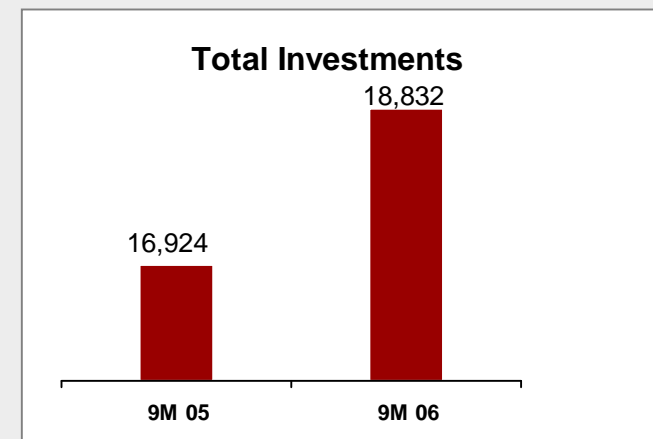
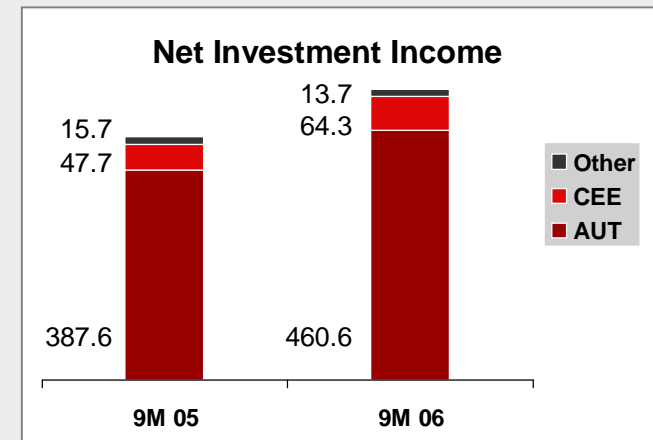
<sup>1</sup> incl. Other technical result (Other underwriting profits and expenses)

# 9M 2006 P&L Major Items – Net Investment Income

Supported by trading gains during all 3 quarters (€mn)

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- § Increase in Net Investment Income by 19.4% to €538.6mn as a result mainly of trading gains in Austria; this also includes EUR 14.2mn from inclusion of Housing Societies. 9M 05 also included €41mn one-off gain from sale of stake in Investkredit bank
- § In the Czech Republic increase by 51.5% as a result of consolidation of CPP and trading gains
- § Slovakia almost flat with +5.0%
- § Increase in Other CEE by 36.3% as a result of consolidation of new acquisitions



# Financial Targets

Forecast raised for 2006 and 2007 and new medium term target

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- § Improving Q3 gives confidence to reach PBT of about €310mn in FY 2006
- § Based on overall Group development management is confident to reach PBT of about €370mn in 2007
- § VIG expects to achieve PBT of about €470mn in 2009, thus featuring CAGR of 15% from 2006-2009

	2006T	2007T	2009T
Profit before tax	~ € 310mn	~ € 370mn	~ € 470mn
Net combined ratio	< 100%	< 100%	< 100%
RoE before tax <sup>1</sup>	~ 15%	~ 16%	~ 17%
Payout ratio (as % of net income)	> 30%	> 30%	> 30%

<sup>1</sup> incl. Dec. 2005 capital increase

# Vienna Insurance Group- 9M 2006 results

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Appendix



# 9M 2006 P&L – Business Segments

Property & Casualty, IFRS (€mn)

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	9M 2006	9M 2005	+/-%
1. Gross written premiums	2,413.8	1,998.9	20.8
2. Net earned premiums	1,690.5	1,330.0	27.1
3. Net investment income	94.6	58.8	60.9
4. Other income	26.2	17.5	49.7
<b>Total income</b>	<b>1,811.3</b>	<b>1,406.3</b>	<b>28.8</b>
6. Expenses for claims incurred	-1,132.9	-869.5	30.3
7. Operating expenses	-452.7	-353.8	27.9
8. Other expenses	-80.9	-72.0	12.4
<b>Total expenses</b>	<b>-1,666.6</b>	<b>-1,295.3</b>	<b>28.7</b>
<b>Profit before tax</b>	<b>144.7</b>	<b>111.0</b>	<b>30.4</b>

# 9M 2006 P&L – Business Segments

Life, IFRS (€mn)

	9M 2006	9M 2005	+/-%
1. Gross written premiums	1,681.8	1,560.7	7.8
2. Net earned premiums	1,673.5	1,548.1	8.1
3. Net investment income	436.2	377.3	15.6
4. Other income	12.5	7.7	62.7
<b>Total income</b>	<b>2,122.2</b>	<b>1,933.1</b>	<b>9.8</b>
6. Expenses for claims incurred	-1,677.2	-1,566.9	7.0
7. Operating expenses	-341.3	-280.6	21.6
8. Other expenses	-29.8	-22.5	32.3
<b>Total expenses</b>	<b>-2,048.3</b>	<b>-1,870.0</b>	<b>9.5</b>
<b>Profit before tax</b>	<b>73.9</b>	<b>63.1</b>	<b>17.0</b>

# 9M 2006 P&L – Business Segments

Health, IFRS (€mn)

19

	9M 2006	9M 2005	+/-%
1. Gross written premiums	225.0	218.5	3.0
2. Net earned premiums	222.8	215.9	3.2
3. Net investment income	7.9	15.0	-47.3
4. Other income	0.0	0.0	n/a
<b>Total income</b>	<b>230.7</b>	<b>230.9</b>	<b>-0.1</b>
6. Expenses for claims incurred	-189.8	-189.4	0.2
7. Operating expenses	-28.1	-27.4	2.2
8. Other expenses	-0.7	-0.4	62.2
<b>Total expenses</b>	<b>-218.6</b>	<b>-217.3</b>	<b>0.6</b>
<b>Profit before tax</b>	<b>12.1</b>	<b>13.6</b>	<b>-10.8</b>

# 9M 2006 P&L - Split by Regions (I)

Regional segments, IFRS (€mn)

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	Austria			Czech Republic			Slovakia		
	9M 2006	9M 2005	+/-%	9M 2006	9M 2005	+/-%	9M 2006	9M 2005	+/-%
1. Gross written premiums	2,550.2	2,447.5	4.2	775.3	654.5	18.5	287.1	252.7	13.6
2. Net earned premiums	2,216.2	2,116.1	4.7	595.0	487.9	22.0	203.5	164.0	24.1
3. Net investment income	460.6	387.6	18.8	29.4	19.4	51.5	12.5	11.9	5.0
4. Other income	5.5	9.6	-42.7	12.3	4.7	>100	5.2	2.1	>100
<b>Total income</b>	<b>2,682.3</b>	<b>2,513.2</b>	<b>6.7</b>	<b>636.7</b>	<b>512.0</b>	<b>24.4</b>	<b>221.1</b>	<b>177.9</b>	<b>24.3</b>
6. Expenses for claims incurred	-2,066.5	-1,949.5	6.0	-432.8	-328.8	31.6	-129.7	-99.9	29.9
7. Operating expenses	-442.2	-419.4	5.4	-132.5	-114.0	16.2	-42.9	-40.3	6.4
8. Other expenses	-21.9	-17.9	22.4	-32.9	-38.0	-13.3	-28.1	-16.3	72.7
<b>Total expenses</b>	<b>-2,530.6</b>	<b>-2,386.7</b>	<b>6.0</b>	<b>-598.2</b>	<b>-480.8</b>	<b>24.4</b>	<b>-200.7</b>	<b>-156.4</b>	<b>28.3</b>
<b>Profit before tax</b>	<b>151.8</b>	<b>126.5</b>	<b>19.9</b>	<b>38.5</b>	<b>31.2</b>	<b>23.7</b>	<b>20.5</b>	<b>21.4</b>	<b>-4.6</b>
<b>Combined Ratio</b>	<b>95.8%</b>	<b>97.5%</b>		<b>101.1%</b>	<b>95.7%</b>		<b>84.4%</b>	<b>83.9%</b>	

# 9M 2006 P&L - Split by Regions (II)

Regional segments, IFRS (€mn)

21

	Other CEE			Other			TOTAL		
	9M 2006	9M 2005	+/-%	9M 2006	9M 2005	+/-%	9M 2006	9M 2005	+/-%
1. Gross written premiums	549.0	223.9	>100	159.0	199.5	-20.3	4,320.6	3,778.1	14.4
2. Net earned premiums	433.2	145.4	>100	139.0	180.8	-23.1	3,586.8	3,094.0	15.9
3. Net investment income	22.4	16.4	36.3	13.7	15.7	-12.7	538.6	451.0	19.4
4. Other income	12.2	6.4	91.2	3.5	2.5	42.3	38.7	25.2	53.7
<b>Total income</b>	<b>467.9</b>	<b>168.2</b>	<b>&gt;100</b>	<b>156.2</b>	<b>199.0</b>	<b>-21.5</b>	<b>4,164.2</b>	<b>3,570.3</b>	<b>16.6</b>
6. Expenses for claims incurred	-255.1	-93.5	>100	-115.8	-154.1	-24.9	-2,999.9	-2,625.7	14.3
7. Operating expenses	-185.6	-65.7	>100	-19.0	-22.5	-15.7	-822.0	-661.9	24.2
8. Other expenses	-16.3	-10.3	59.0	-12.3	-12.6	-2.6	-111.5	-95.0	17.4
<b>Total expenses</b>	<b>-457.0</b>	<b>-169.4</b>	<b>&gt;100</b>	<b>-147.1</b>	<b>-189.3</b>	<b>-22.3</b>	<b>-3,933.5</b>	<b>-3,382.6</b>	<b>16.3</b>
<b>Profit before tax</b>	<b>10.8</b>	<b>-1.1</b>	<b>n/a</b>	<b>9.1</b>	<b>9.7</b>	<b>-5.9</b>	<b>230.7</b>	<b>187.7</b>	<b>22.9</b>
<b>Combined Ratio</b>	<b>100.6%</b>	<b>114.2%</b>		<b>86.4%</b>	<b>87.0%</b>		<b>97.0%</b>	<b>96.2%</b>	

# Change in Group Shareholders' Equity / APE

IFRS (€mn)

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	1.1. - 30.9.2006	1.1. - 30.9.2005
Equity as of 1 January	2,059,332	913,778
Currency changes	2,066	5,659
Changes to shares	2,113	-4,672
Unrealised gains and losses on financial instruments available for sale	-56,687	90,682
Profit for the quarter	189,389	141,276
Dividend payment	-63,585	-42,864
<b>Equity as of 30 September</b>	<b>2,132,628</b>	<b>1,103,859</b>

APE Life & Health	9M 06	9M 05	+/-%
Austria, Germany	176.7	169.0	4.6%
CEE (CZ, SK)	26.4	33.1	-20.2%
	<b>203.1</b>	<b>202.1</b>	

# 9M 2006 Exchange Rates

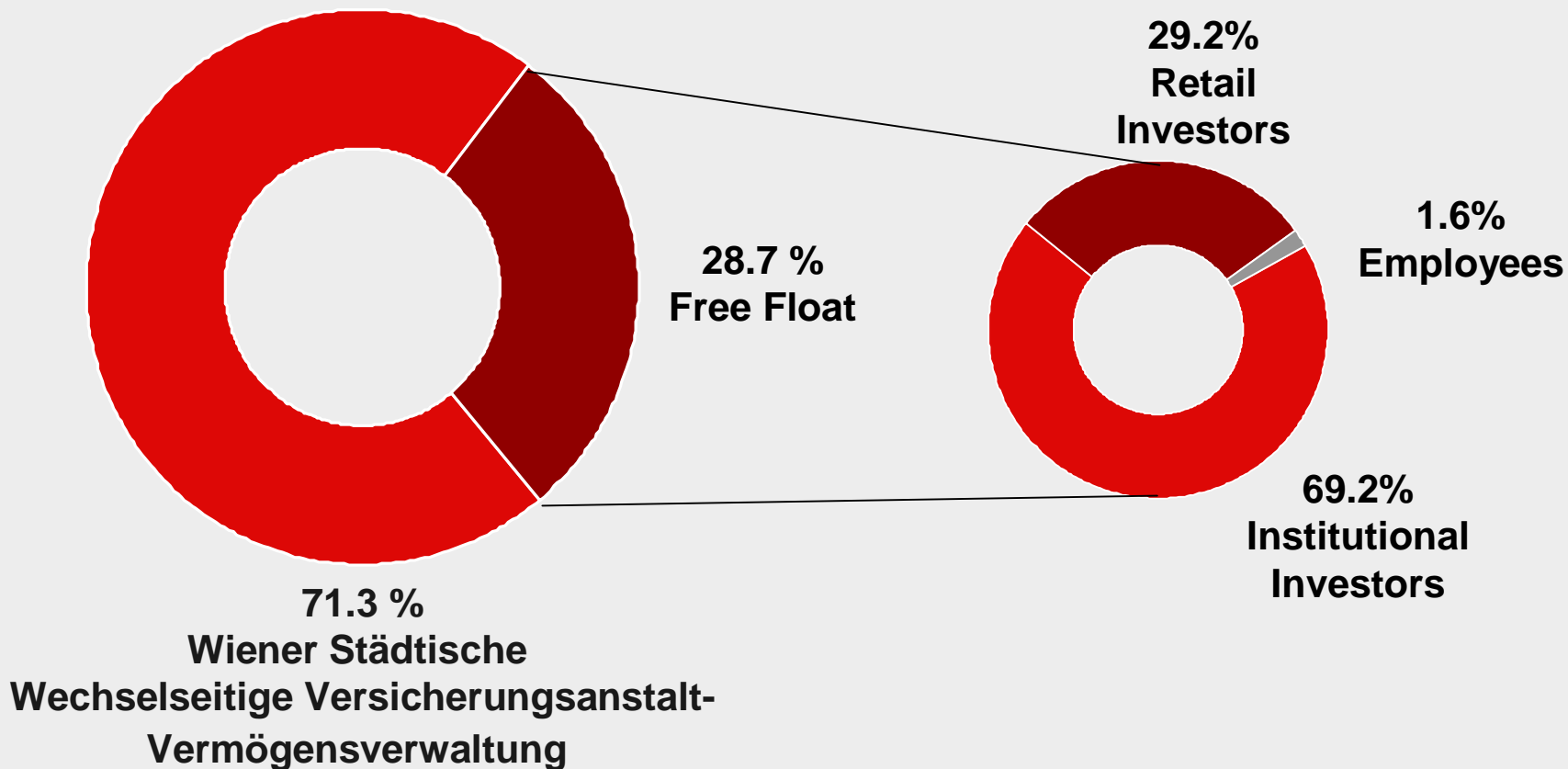
Country	Curr.	9M 2006		9M 2005	
		Balance Sheet EUR	P & L EUR	Balance Sheet EUR	P & L EUR
Bulgaria	BGN	0.511300	0.511300	0.511274	0.511300
Croatia	HRK	1.475579	1.460814	0.134535	0.135894
Liechtenstein	CHF	0.629683	0.638430	0.642632	0.645745
Poland	PLN	0.251807	0.255649	0.255200	0.246378
Romania	RON	0.282789	0.282393	0.280875	0.276602
Serbia	CSD	0.012195	0.011689	0.011770	0.011840
Slovakia	SKK	0.026749	0.026552	0.025780	0.025884
Czech Republic	CZK	0.035303	0.035163	0.033838	0.033399
Hungary	HUF	0.003663	0.003765	0.004006	0.004052

# Shareholder Structure (I)

Total number of shares 105,000,000

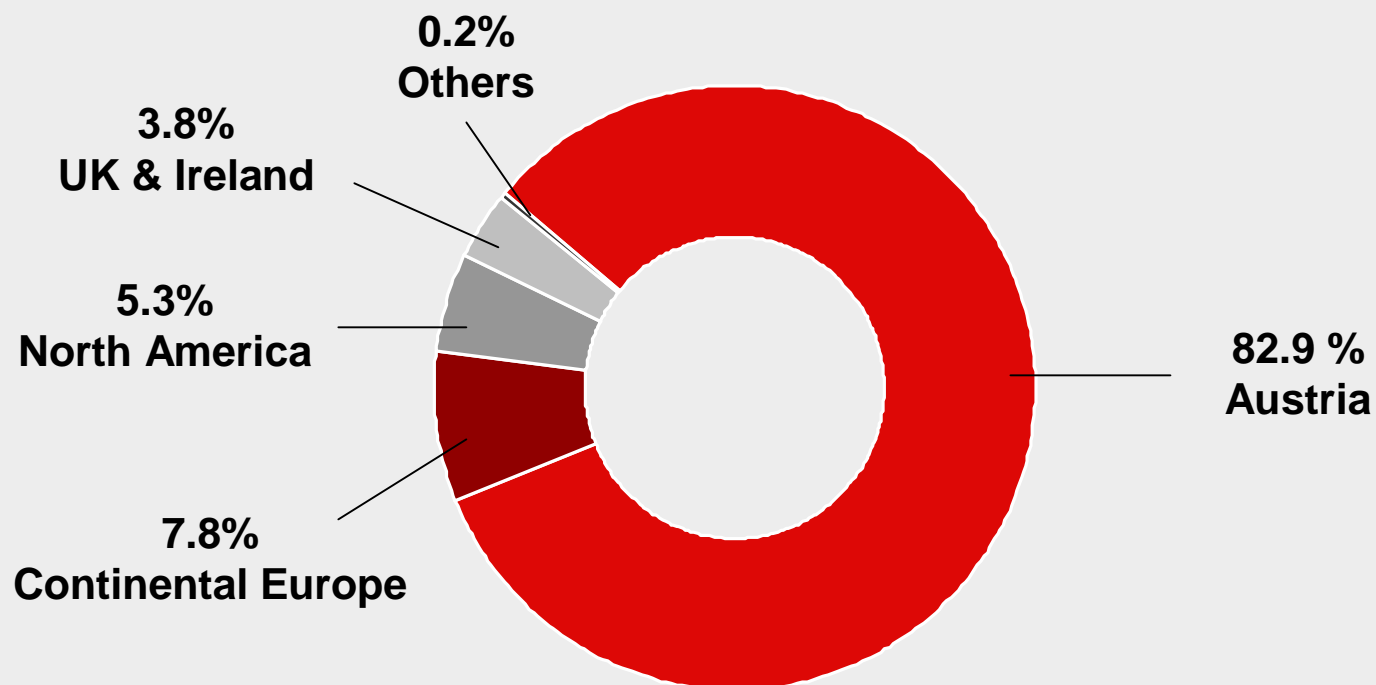
## Shareholder Structure

## Split Free Float





## Geographical Split



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